

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 1047 - HB 1926**

March 29, 2011

**SUMMARY OF BILL:** Authorizes financial institutions that hold local government or state deposits to collateralize those deposits with securities that are not priced, regardless of whether the financial institution participates in the Collateral Pool for Public Deposits. In accepting securities that are not priced, the bill authorizes the State Treasurer to discount the face value of the security in an amount not more than 20 percent to account for any uncertainty in the ability to provide a current market value amount on the securities on a regular basis.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$71,000**

Assumptions:

- According to the Department of Treasury, additional personnel and other resources will be required to minimize the additional risks associated with the acceptance of securities that are not priced as eligible collateral for State and public deposit.
- An increase in state expenditures of \$71,000 for one Fixed Income Analyst (\$50,000 per year), an additional Bloomberg terminal license (\$18,000 per year), and an additional fee from the current pricing service (\$3,000 per year).

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White".

James W. White, Executive Director

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